

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric
Company for Approval of 2013-2014 Energy
Efficiency Programs and Budgets (U39M).

Application 12-07-001
(Filed July 2, 2012)

And Consolidated Matters.

Application 12-07-002
Application 12-07-003
Application 12-07-004

**SOUTHERN CALIFORNIA GAS COMPANY (U904G) PETITION FOR
MODIFICATION OF DECISION IMPLEMENTING 2013-2014 ENERGY EFFICIENCY
FINANCING PILOT PROGRAMS**

STEVEN D. PATRICK

Attorney for

SOUTHERN CALIFORNIA GAS COMPANY

555 W. Fifth Street, Suite 1400

Los Angeles, CA 90013-1046

Phone: (213) 244-2954

Fax: (213) 629-9620

E-Mail: SDPatrick@semprautilities.com

January 24, 2014

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OF THE STATE OF CALIFORNIA**

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**I.
INTRODUCTION AND SUMMARY**

Pursuant to Ordering Paragraph 25 of Decision 13-09-044 (the “Decision”) issued in the above captioned proceeding and Rule 16.4 of the California Public Utilities Commission’s (“Commission’s”) Rules of Practice and Procedure, Southern California Gas Company (“SoCalGas”) hereby files the required petition to modify the Decision (“PFM”). Ordering Paragraph 25 requires that:

If, by January 15, 2014, California Alternative Energy and Advanced Transportation Financing Authority has not received final budget authority to assume the role of California Hub for Energy Efficiency Financing [CHEEF], nor approved an executed agreement with the Commission for implementation of this decision, then Southern California Gas Company shall file a Petition for Modification of this decision to determine which entity can best provide the CHEEF functions.

As evidenced by the letter (the “Letter,” attached) from Ms. Deana Carrillo, Executive Director of the California Alternative Energy and Advanced Transportation Financing Authority

(“CAEATFA”) to Mr. Frank Spasaro, the contingency anticipated by the Decision in Ordering Paragraph 25 has occurred, triggering the filing of this PFM.

II. REQUEST FOR RELIEF

Considering current unique circumstances, SoCalGas recommends that at this time the Commission neither replace nor commence a proceeding to seek to replace CAEATFA as the CHEEF. Instead, the Commission should toll the regulatory requirements and estimated schedule in the Decision until CAEATFA receives the expected requisite budget authority in the manner set forth in CAEATFA’s Letter after which the Commission can then institute revised requirements and schedules to perform the CHEEF functions.

SoCalGas further recommends that the Commission specifically allow the Investor Owned Utilities (“IOUs”)¹ to continue, to the extent possible, their development of the pilots ordered by the Decision, such as developing necessary IT infrastructure, while awaiting CAEATFA’s authorization to act as CHEEF. SoCalGas submits there are three reasons for the Commission to continue the appointment of CAEATFA as the CHEEF.

First, as evidenced by the Letter, there is a high likelihood that CAEATFA will receive the requisite budget authority to allow it to fulfill the CHEEF functions as envisioned by the Commission.

Second, CAEATFA will likely receive such requisite budget authority by July 1, 2014, resulting in pilot delays that are less significant than if selection of an alternative CHEEF is pursued, as described below.

Third, the process of selecting a new CHEEF would be a significant demand on all parties’ time and a significant expenditure of parties’ resources, without assurance that implementation of the Energy Efficiency (EE) financing pilots would occur sooner than July, 2014. In fact, the time it will take for the Commission to convene and conclude a proceeding to

¹ Collectively, SoCalGas, San Diego Gas and Electric Company, Southern California Edison Company, and Pacific Gas and Electric Company. SoCalGas conferred with the IOUs and CAEATFA in the development of this PFM.

select a suitable replacement for CAEATFA would likely be far greater than the time for the budgetary process to be completed.

For instance, given the time for parties to reply to this PFM (30 days), the time for the Commission to consider and notice a proposed decision (likely at least 30 days), the time for parties' comments (20 days), and reply comments (5 days), at least three months will have passed. This does not include the additional time required for the Commission to receive and consider evidence upon which the Commission would rely in order to reach a considered decision as to which party can best act as the CHEEF instead of CAEATFA. SoCalGas' experience in this proceeding regarding the development of the record to support CAEATFA's selection as CHEEF indicates a minimum of three months would be required for these activities, quite likely more. The Commission would then need to issue another proposed decision as to its selection of a CHEEF, which, as above, would add at least another 60 days to the process before a new CHEEF would actually be empowered by the Commission. Realistically, it could take until October, 2014 for an alternate CHEEF to be finally authorized.

In addition, since the Decision and all implementing requirements are highly integrated and CAEATFA-specific, they will not apply in substantial part to an entity other than CAEATFA. The Commission decision selecting a new CHEEF would likely require substantial modification in order to provide implementation terms with the same degree of detail and specificity for the new CHEEF as the Decision currently provides in relation to CAEATFA. Implementation of a decision selecting a new entity to serve as CHEEF will require parties to duplicate a substantial amount of the work performed to-date in meeting the Commission's pilot implementation goals set out in the Decision. As the IOU lead in this process, SoCalGas submits that several thousand man-hours contributed by dozens of participants have been expended in that effort. An additional, significant amount of time and resources would be required to implement any new OBR decision by the Commission, at a time when in large part the same resources must be dedicated to meeting the aggressive schedule put forth in R.13-11-005 to

submit Energy Efficiency portfolio budgets for 2015.²

Analyzing and evaluating the requirements set out in D.13-09-044, issued in September, 2013, the involved parties contemplated that a period of some nine months, or until the summer of 2014, would be required to roll out and implement the OBR pilots. SoCalGas submits that a Commission decision selecting a new CHEEF effective October 1, 2014 would likely require a similar nine-month period, resulting in a rollout in summer 2015.

In summary, SoCalGas submits that considering the high likelihood that CAEATFA will receive the requisite budget authority to act as CHEEF by July 1, 2014, the procedural delay in reaching and implementing a new OBR decision approving a different CHEEF, and the expenditure of resources to achieve its actual implementation are undesirable.

The Commission should adopt SoCalGas' recommendation to allow the State's budget process to work to provide the requisite authority to allow CAEATFA, the Commission's preferred choice as CHEEF, to fulfill the role envisioned by the Decision.

DATED at Los Angeles, California, on this 24th day of January, 2014.

Respectfully submitted,

By: /s/ Steven D. Patrick
STEVEN D. PATRICK

STEVEN D. PATRICK
Attorney for
SOUTHERN CALIFORNIA GAS COMPANY
555 W. Fifth Street, Suite 1400
Los Angeles, CA 90013-1046
Phone: (213) 244-2954
Fax: (213) 629-9620
E-Mail: SDPatrick@semprautilities.com

² Per the Assigned Commissioner's Ruling and Scoping Memorandum Regarding 2015 Portfolios (Phase I Rulemaking 13-11-005), program administrators are to submit budgets by March 3, 2014, with continuing activities thereafter including the processing of such requests, and Phases II and III of said Rulemaking.

ATTACHMENT



CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
TRANSPORTATION FINANCING AUTHORITY

915 Capitol Mall, Room 457
Sacramento, CA 95814
p (916) 651-8157
f (916) 657-4821
caeatfa@treasurer.ca.gov
www.treasurer.ca.gov/caeatfa

January 15, 2014

Mr. Frank Spasaro
Southern California Gas Company
Sent by email to fspasaro@semprautilities.com

Re: Status of CAEATFA's Request for Legislative Budget Authority to Implement the
Energy Efficiency Financing Pilot Programs

Dear Mr. Spasaro:

As you are aware, California Public Utilities Commission Decision 13-09-044 for the Energy Efficiency Financing Pilot Programs directs the Southern California Gas Company to file a Petition for Modification of the decision if the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has not obtained budget authority to assume the role of the California Hub for Energy Efficiency Financing (CHEEF) by January 15, 2014. This letter is to inform you that, as of today, CAEATFA has not yet received the necessary budgetary authority to act as the CHEEF.

On September 30, 2013, CAEATFA submitted a request to the Department of Finance to augment its reimbursement and expenditure authority in the current fiscal year to accommodate funds approved by the CPUC for the implementation of the Energy Efficiency Financing Pilot Programs. The request was submitted pursuant to Section 28.00 of the *2013-14 Budget Act*. On October 29, 2013, the Department of Finance submitted a recommendation for approval of CAEATFA's request to the Joint Legislative Budget Committee (JLBC).

In a letter addressed to the Director of Finance on November 27, 2013, the JLBC did not concur with the Department of Finance recommendation to approve CAEATFA's request. The JLBC, without prejudice to the activities proposed, had concerns that the request was

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ACTING
EXECUTIVE DIRECTOR
Deana J. Carrillo

being made under an alternative budgetary process, and recommended that CAEATFA submit the request through the regular state budget process for the 2014 – 2015 fiscal year.

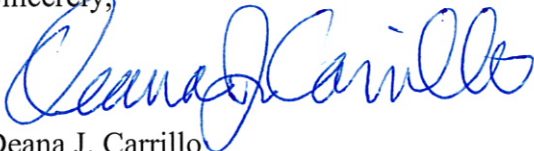
CAEATFA initiated its request for corresponding reimbursement and expenditure authority for the pilot programs in the 2014 – 2015 fiscal year. The funding included in the request includes the administrative costs to be incurred by CAEATFA in serving as the CHEEF, as well as the contracting costs required to solicit third party assistance with the administration and implementation of the pilot programs (e.g. the master servicer, trustee bank, data manager, etc.). The consideration of this request will follow the standard state budget approval process.

On January 9, 2014, Governor Brown released his proposed budget for the 2014 – 2015 fiscal year. The budget includes funding for CAEATFA to administer the pilot programs. Legislative budget hearings will begin shortly, and the Governor will issue a revised budget in May 2014. The legislature is expected to vote on the budget in June 2014. Assuming the budget is approved by the Legislature in June, CAEATFA will have the authority to execute the necessary agreements and contracts to begin serving as the CHEEF as early as July 1, 2014 (the beginning of the 2014 – 2015 fiscal year).

Because CAEATFA has not yet received the necessary budgetary authority to act as the CHEEF, the timeline for the implementation of the pilot programs will be delayed. CAEATFA will continue to work with the investor-owned utilities and the CPUC to determine the implications of the delay and to identify the appropriate next steps.

If you have any questions or need additional information, please do not hesitate to contact me at deana.carrillo@treasurer.ca.gov or (916) 651-5102.

Sincerely,



Deana J. Carrillo
Acting Executive Director

cc: Jeanne Clinton, California Public Utilities Commission
Jean Lamming, California Public Utilities Commission